

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 19593 211028Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 SP-02 TRSE-00
COME-00 L-03 FRB-03 OMB-01 ITC-01 USIA-06 AGRE-00
AID-05 CIAE-00 INR-07 LAB-04 NSAE-00 OIC-02
SIL-01 STR-05 CEA-01 SS-15 /100 W
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 3758

INFO AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY OTTAWA

AMEMBASSY WELLINGTON

AMEMBASSY CANBERRA

AMEMBASSY ANKARA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION USUN NEW YORK

USMISSION GENEVA

C O N F I D E N T I A L TOKYO 19593

E.O. 11652: GDS

TAGS: UNCTAD, ETRD, JA

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PAGE 02 TOKYO 19593 211028Z

SUBJECT: SUSPENSION OF COMMON FUND NEGOTIATIONS: NEXT STEPS

REF: STATE 293758

1. SUMMARY: JAPAN AGREES ON NECESSITY FOR GROUP B
COUNTRIES TO PRESENT COMMON FRONT IN SUBSEQUENT
COMMON FUND NEGOTIATIONS, BUT FEELS THAT G-77 PRESSURE

MAY FORCE ACCEPTANCE OF ITS PRECONDITIONS. NEXT
CONFRONTATION WILL COME AT MARCH TDB MINISTERIAL.
JAPAN FEELS UNDER CONSIDERABLE PRESSURE, MAINLY BE-
CAUSE OF ASEAN COMMITMENTS, TO RELAX NEGATIVE STAND,
AND HAS FALL-BACK POSITION. END SUMMARY.

2. US POSITION REGARDING SUSPENSION OF UNCTAD NEGOTIATION CONFERENCE WAS DISCUSSED DECEMBER 19 WITH MASAKI YAGI, DIRECTOR, ECONOMIC AFFAIRS DIVISION, UN BUREAU, MINISTRY OF FOREIGN AFFAIRS. YAGI AGREED THAT IT IS MOST IMPORTANT TO MAINTAIN THE COHERENCE OF GROUP B, BUT NOTED RUEFULLY THAT REAL COHERENCE SEEMS TO BE LIMITED TO ONLY FOUR COUNTRIES, JAPAN, US, WEST GERMANY AND THE UN. HE STRESSED THAT JAPAN FEELS SO STRONGLY ABOUT THE NEED TO MAINTAIN A UNITED FRONT, THAT IT HAS REFRAINED FROM PUSHING ITS OWN INTERNAL (MINISTRY OF FINANCE, AND FOREIGN OFFICE APPROVED) FALLBACK POSITION WHICH WOULD PROVIDE ASSURANCES ON COMMON FUND BORROWING POWER, OR GUARANTEE A PERCENTAGE (PERHAPS 60 PERCENT) OF CALLABLE CAPITAL, AND PROVIDE CONTRIBUTIONS FOR ADMINISTRATIVE COSTS. (THIS POSITION HAS BEEN DISCUSSED WITH US DEL, ACCORDING TO TANAKA, YAGI'S DEPUTY, WHO RECENTLY RETURNED FROM GENEVA.)

3. ELABORATING ON GOJ MISGIVINGS ABOUT THE "RIGID" US POSITION, YAGI ASSERTED THAT JAPAN IS IN A DELICATE POSITION BECAUSE OF ITS RELATIONS WITH ASEAN - SIMILAR, HE SAID, TO THE US-LATIN
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PAGE 03 TOKYO 19593 211028Z

AMERICA RELATIONSHIP. HE REFERRED TO THE DECEMBER 12-14 MEETING IN TOKYO OF JAPANESE CHIEFS OF MISSION IN SEA COUNTRIES, AT WHICH FOREIGN MINISTER SONODA TOLD HIS COLLEAGUES THAT JAPAN WOULD STRIVE TO HELP BUILD A STABLE ORDER IN THE REGION, THROUGH COOPERATION BASED ON MUTUAL TRUST, AND CENTERING ON ASEAN. YAGI PRODUCED A CABLE REPORT OF A WRITTEN COMMENT ON SONODA'S REMARKS BY DATUK MUSA HITAM, MALAYSIAN MINISTER OF PRIMARY INDUSTRIES, AND CHIEF OF ITS DELEGATION TO THE GENEVA MEETING. IN HIS COMMENT, HITAM REFERRED TO "THE AGREEMENT REACHED IN KUALA LUMPUR (DURING PRIME MINISTER FUKUDA'S AUGUST TRIP) THAT BOTH ASEAN AND JAPAN WOULD PLACE PARTICULAR EMPHASIS ON THE NEED TO ESTABLISH A COMMON FUND EXPEDITIOUSLY" AND WENT ON TO SAY THAT "ACCORDINGLY, IT IS HOPED THAT POSITIVE COOPERATION FROM JAPAN WOULD BE MORE FORTHCOMING IN THE FUTURE THAN IN THE RECENT ABORTIVE UNCTAD COMMON FUND NEGOTIATIONS IN GENEVA." AS THE ONLY MAJOR ECONOMIC POWER IN EAST ASIA, JAPAN FEELS THAT ASEAN PRESSURE BEARS HEAVILY ON IT (YAGI SAID AUSTRALIA HUNKERS DOWN AND LETS JAPAN ABSORB THE HEAT), AND IS NERVOUS ABOUT ITS ABILITY, OR INDEED THE PROPRIETY, OF RESISTING THAT PRESSURE.

4. YAGI EXPECTS THAT WHILE THERE MAY BE SOME DISCUSSION OF THE NOVEMBER UNCTAD MEETING DURING THE JANUARY 23-27 RESUMED SESSION

OF THE 9TH SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD, THE FULL REPERCUSSIONS FROM THE SUSPENDED SESSION WILL BE FELT AT THE MARCH 3-10 TDB MINISTERIAL IN GENEVA. (YAGI THINKS INTERNATIONAL ECONOMIC AFFAIRS MINISTER USHIBA MAY ATTEND THAT MEETING, AND EXPECTS THAT UNDER SECRETARY COOPER WILL LEAD US DELEGATION.) THERE WILL BE SUSSTANTIAL NEGOTIATIONS AT THAT MEETING, YAGI SAID, AND HE THINKS THAT US HOPES OF RESUMING NEGOTIATIONS "WITHOUT PRECONDITIONS" (REFTEL) ARR FUTILE, IN THE FACE OF WHAT HE EXPECTS WILL BE IRRESISTIBLE G-77 PRESSURE.

5. YAGI CLOSED BY REPEATING HIS VIEW THAT IN SPITE OF JAPAN'S MIS-GIVINGS, AND ASEAN PRESSURES, THE SOLIDARITY OF GROUP B IS PARAMOUNT. BUT REFLECTING JAPANESE NERVOUSNESS OVER SUDDEN US POLICY SHIFTS, HE ASKED TO BE INFORMED IN ADVANCE OF ANY CHANGE IN CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TOKYO 19593 211028Z

THE "VERY HARD" US POSITION.

6. COMMENT. WHAT YAGI SEEMS TO BE SAYING IS THAT TIME IS ON THE SIDE OF THE G-77, AND THAT STEDAY MODIFICATION (SOFETENING, ERODING, RETREAT, ETC.) OF THE GROUP B POSITION IS INEVITABLE, BUT THAT IN ANY CASE, IT IS IMPORTANT THAT THE MODIFICATIONS BE COMMONLY AGREED UPON BY THE GROUP B COUNTRIES, SO THAT THE RETREAT BE AN ORDERLY ONE.
MANSFIELD

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